

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 480 - SB 631

March 16, 2013

SUMMARY OF BILL: Requires roofing contractors to hold a license from the Board for Licensing Contractors prior to bidding on or performing roofing work.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$2,500/Board for Licensing Contractors

Increase State Expenditures – Not Significant/Board for Licensing Contractors

Assumptions:

- It is unclear as to whether a new license designation, specifically for roofing, would be required or if the current licensing requirements for building contractors would meet the provisions of this bill.
- Currently, any contractor possessing a license with a major BC designation (residential, commercial and industrial) may perform roofing work. A license with a BC-21 designation is required for any bid of at least \$25,000. There are currently 139 licensed contractors which hold a BC-21 designation.
- It is assumed that individuals, including contractors or subcontractors, performing roofing work for bids below \$25,000, which are currently not required to hold a license, will now be required to be licensed.
- It is estimated that any required roofing license under this chapter would be similar to the 2-year home improvement license issued by the Board for Licensing Contractors, under the *Home Improvement Law*.
- Counties may opt-in to the provisions of the *Home Improvement Law*. This *Law* requires residents in adopting counties, who perform remodeling projects costing from \$3,000 to \$24,999, to acquire a home improvement license from the Department of Commerce and Insurance.
- This *Law* is not applicable to home improvement projects performed by a homeowner on the homeowner's residence.
- Only nine counties have adopted this *Law*, including: Bradley, Davidson, Haywood, Hamilton, Knox, Marion, Robertson, Rutherford, and Shelby. Within these nine counties, there are currently 1,604 active home improvement licenses.
- According to the 2010 federal census, these 9 counties had a total population of 2,797,888 (Bradley 98,963 + Davidson 626,681 + Haywood 18,787 + Hamilton 336,463

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+ Knox 432,226 + Marion 28,237 + Robertson 66,283 + Rutherford 262,604 + Shelby 927,644).

- According to the 2010 federal census, the state had a population of 6,346,105.
- These 9 counties contain approximately 44.09 percent of the total state population (2,797,888 / 6,346,105).
- The population would reflect that, should this law pass, there would be approximately 2,034 $[(1,604 / 44.09\%) - 1,604]$ home improvement licenses issued in the remaining 86 counties (95-9).
- Of this 2,034 amount, it is estimated that only 0.5 percent or 10 licenses would be licensed to individuals specifically for roofing.
- This license would cost approximately \$250.
- Assuming a 2-year licensure cycle, it is estimated that 10 licenses would be issued in FY13-14 and 10 more would be issued in FY14-15, resulting in a recurring increase in state revenue beginning in FY13-14 of approximately \$2,500 (10 x \$250). This amount will be paid to the Board for Licensing Contractors to offset the cost of issuance and regulation of the new licenses which is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Commission had closing balances of \$493,784 in FY10-11, \$613,362 in FY11-12, and a closing reserve balance of \$2,688,205 on June 30, 2012.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb